

Message Text

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ACTION AGR-20

INFO OCT-01 ARA-16 ISO-00 EB-11 FEA-02 COME-00 TRSE-00

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 9947

LIMITED OFFICIAL USE MEXICO 1044

E.O. 11652: N/A

TAGS: EAGR

SUBJ: EFFECT OF ENERGY SITUATION ON AGRICULTURAL PRODUCTION AND
TRADE

REF: STATE 05278, MEXICO 718, AND FASTO CIRCULAR 31

PASS AGRICULTURE

1. AFTER SEVERAL DELAYS EMBASSY HAS OBTAINED DATA FROM GUANOS Y FERTILIZANTES AND FERTILIZANTES FOSFATADOS MEXICANOS (FFM) ON MEXICAN PRODUCTION, TRADE AND CONSUMPTION OF FERTILIZERS ON NUTRIENT BASIS FOR 1971-72 AND 1972-73. COMPLETE DATA FOR 1973-74 WERE NOT PROVIDED, HOWEVER, WE HAVE MADE ESTIMATES BASED ON PARTIAL INFORMATION PROVIDED. DELAY IN OBTAINING DATA DUE GUANOS AND FFM HAVING TO CONVERT DATA TO NUTRIENT BASIS AS THIS HAD NOT BEEN DONE PREVIOUSLY. FOLLOWING IS DATA PROVIDED AND OUR ESTIMATE FOR 1973-74:

	NITROGEN	PHOSPHATE	POTASH
	71-72 72-73 73-74	71-72 72-73 73-74	71-72 72-73 73-74

-----000 MT-----

PRODUCTION	295	348	405	154	177	193	17	22	22
IMPORTS	184	246	222	1	1	7	11	11	18
EXPORTS	52	49	-	3	-	-	1	-	-
CONSUMPTION	427	546	627	152	178	200	27	33	40

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STOCKS NA NA NA NA NA NA NA NA NA

CURRENT PRODUCTION CAPACITY IS PLACED AT 450,000 MT FOR NITROGEN, 200 TO 250,000 MT FOR PHOSPHATES AND 22,000 FOR POTASH.

2. THE EFFECT ON 1974-75 AGRICULTURAL PRODUCTION OF FERTILIZER SITUATION IS DIFFICULT TO ASSESS AT PRESENT SINCE AVAILABILITIES OF FERTILIZER TO MEXICAN FARMERS WILL DEPEND HEAVILY ON WHETHER GUANOS AND FFN CAN OBTAIN NEEDED SUPPLIES ON WORLD MARKETS. MEXICO IS ESTIMATED TO BE ABOUT TWO-THIRDS DEPENDENT ON IMPORTS FOR BOTH FINISHED FERTILIZER AND RAW MATERIALS. IN ADDITION TO FERTILIZER IMPORTS SHOWN IN TABLE, GUANOS ESTIMATES ABOUT ONE-FOURTH OF DOMESTIC NITROGEN FERTILIZER IS PRODUCED WITH RAW MATERIALS IMPORTED MOSTLY FROM U.S. EXCEPT FOR SMALL QUANTITY OF POOR QUALITY PHOSPHATE MINED LOCALLY ALL PHOSPHATE FERTILIZER PRODUCED IS FROM IMPORTED ROCK FROM FLORIDA. POTASH IS ALL PRODUCED FROM CANADIAN IMPORTED RAW MATERIALS. FOR 1974-75, MEXICO'S NEEDS ARE FORECAST AT 720,000 MT FOR NITROGEN, 230,000 MT FOR PHOSPHATES AND 48,000 MT FOR POTASH. NO FERTILIZER EXPORTS ARE FORECAST FOR 1973-74 AND IMPORTS WILL DEPEND ON AVAILABILITIES ON THE INTERNATIONAL MARKET.

3. SINCE MEXICO IS SO DEPENDENT ON IMPORTS FOR FERTILIZERS AND RAW MATERIALS, IT WOULD APPEAR THAT AT BEST SUPPLY SITUATION WILL BE TIGHT NEXT YEAR AND IF MAJOR SHORTAGES DEVELOP ON WORLD MARKETS CROP PRODUCTION WILL BE SERIOUSLY AFFECTED. AT THIS POINT STILL IMPOSSIBLE QUANTIFY POSSIBLE EFFECTS FERTILIZER SITUATION ON PRODUCTION BUT CROPS MOST SUSCEPTIBLE ARE COTTON, OILSEEDS (PARTICULARLY SOYBEANS), AND WHEAT. WE WILL CONTINUE TO MONITOR SITUATION AND WILL REPORT SIGNIFICANT DEVELOPMENTS.

4. DATA ON FERTILIZER PRICES WERE NOT PROVIDED. THERE HAVE BEEN INCREASES, HOWEVER GOM IS APPARENTLY SUBSIDIZING SALES IN ORDER PROTECT FARMERS FROM TOTAL EFFECT HIGHER WORLD PRICES. LOCAL FERTILIZER INDUSTRY COMPLETELY CONTROLLED BY GOM WHICH FACILITATES PRICE CONTROL.

FOLLOWING IS DATA ON GNP (BILLIONS U.S. DOLLARS, CONSTANT 1960 PRICES):

1972 - 26.4

1973 - 28.5

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1974 - 30.2

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